

**Iowa Department of Natural Resources
Natural Resources Commission**

ITEM

16

DECISION

TOPIC

Honey Creek Hotel Management Interim Agreement

The Natural Resources Commission's approval is requested to pay Regency Hotel Management, LLC (Regency) \$6,887.56 for pre-opening services for the Honey Creek Resort State Park (Park) development. This payment will be the last made to Regency, and will cover some salaries of staff members now employed by the DNR as contract employees and incidentals that occurred in September 2007.

In January, DNR executed an agreement with Regency in the amount of \$24,000 to compensate Regency for certain pre-opening services being performed during negotiations of a management agreement. In April, DNR executed an amendment, with the Commission's approval, moving the amount of the contract to \$50,000; then amended the agreement to extend until August 31, 2007 and moving the amount of the contract to a total of \$75,000. The DNR created that interim contract to provide additional time for more negotiations, and compensation for Regency for services it is providing. Now that the Department has terminated negotiations with Regency, Regency has cooperatively transferred these pre-opening services to the DNR.

Funding for these pre-opening services will come solely from the legislative appropriations dedicated to the Park. Any agreement that draws funds from the bond proceeds must be approved by bond counsel to the Honey Creek Premiere Destination Park Bond Authority, and as this amended contract has not been reviewed by bond counsel, the DNR will not use bond proceeds to pay for services provided pursuant to this amended agreement.

Terry Montgomery
November 8, 2008